

Food Security Dimensions and Options

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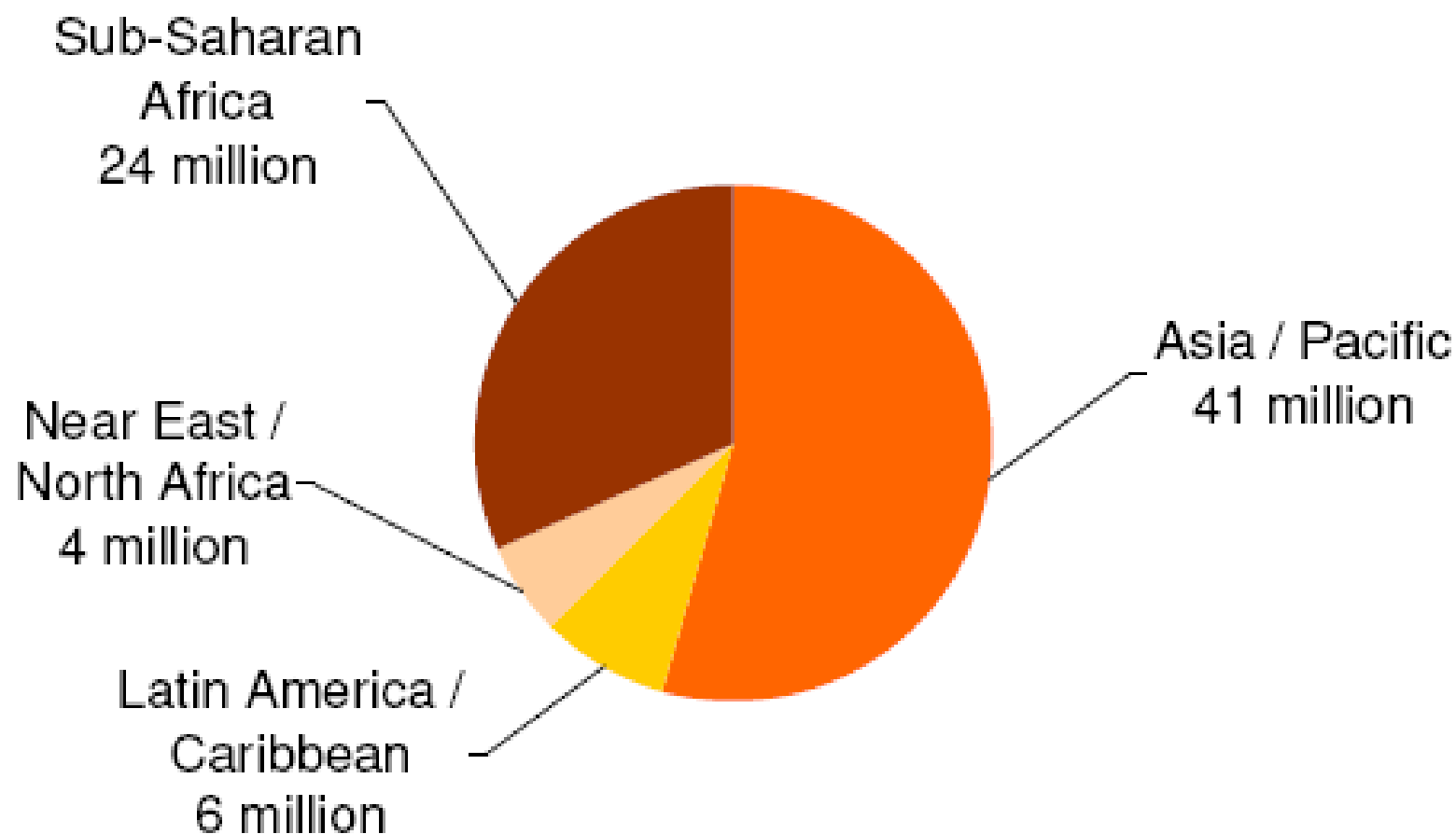
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Soaring prices add 75 million people to global hunger rolls

- FAO's estimate 2003-05, of 848 million undernourished
- The number of undernourished people in 2007 increased by 75 million
- Much of this increase is attributed to high food prices. This brings the number of undernourished people worldwide to 923 million in 2007

Impact of high food prices by region (additional number of undernourished in 2007)



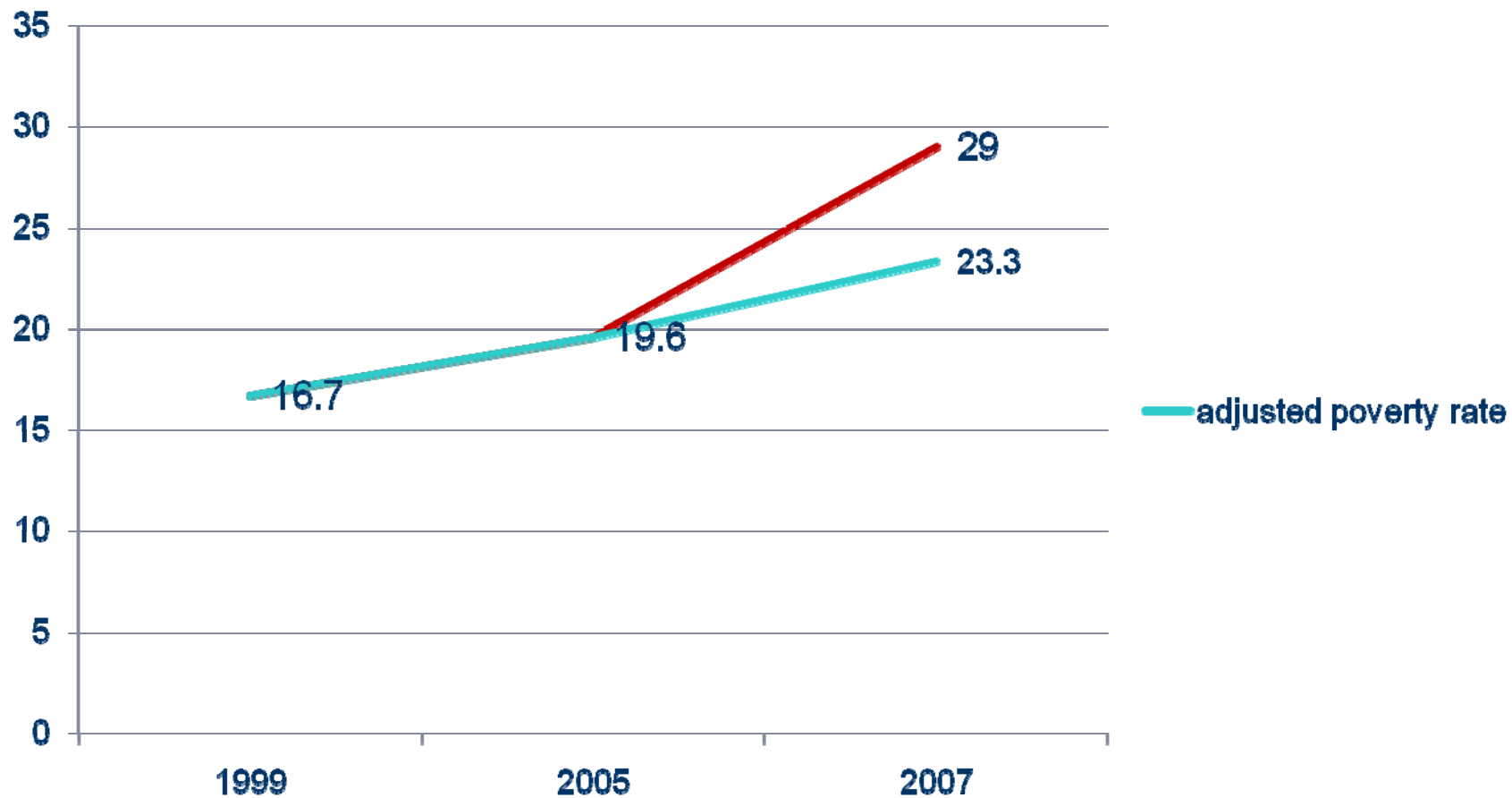
World Hunger and Poverty: How They Fit Together

- 923 million people across the world are hungry.
- Every day, almost 16,000 children die from hunger-related causes--one child every five seconds.
- Hunger is the most extreme form of poverty, where individuals or families cannot afford to meet their most basic need for food.
- Hunger manifests itself in many ways other than starvation and famine: chronic undernourishment and vitamin or mineral deficiencies, stunted growth, weakness and heightened susceptibility to illness.

Who benefits from Increased food prices?

- Increase in profits for the top three global fertilizer companies (Potash Corp, Mosaic, Yara) in 2007: + 139% (total profits for 2007 - \$ 2.9 billion)
- Increase in profits for the top three global grain companies (Cargill, ADM, Bunge) in 2007: +103% (profits – \$ 5.3 billion)
- Increase in profits for the top three global seed/pesticide companies (Monsanto, Syngenta, DuPont) in 2007: + 91% (total profits for 2007: \$ 3.0 billion)

The impact of the food crisis on Egypt's poor



The impact of the food crisis on Egypt's poor

- As a direct result of food price rises overall poverty rates have increased by 65% between 2005 and 2007
- The percent of population under the food poverty line in Egypt increased to 9.4 percent in 2007.
- 2008 showed the bottom 20% (or lowest quintile) experienced a significant individual consumption reduction of 30% and in this group 70-80% of their consumption is food

Coping strategies

- There is a lack of information on how people in the lowest two quintiles are coping with the added pressures of the last few years. Questions include:
- Have school enrolment rates fallen and drop-out rates increased?
- Are people less able to seek health care?
- Has child labour increased?
- What types of food are being substituted to reduce expenditure?

Malnutrition

- There is clearly a correlation between poverty and malnutrition and stunting, though the issue of malnutrition is more complex than that. There are also issues of utilization of food as well as access to potable water and a healthy and sanitary environment
- In 2005 about 26 percent of children under 5 experienced malnutrition, with stunting highest in Upper Egypt. In the most vulnerable households, about 32 percent of the children were stunted
- Between 2005 and now, it is expected that these figures will have increased (because of the rise in poverty) and I understand that this is confirmed by the preliminary results of the EDHS 2008

Research concept – the impact of the price rises on the household

- The establishment of a continuous process of data collection and analysis of food consumption in Egypt.
- Monitoring the impact of changing food consumption patterns on nutrition
- Building the capacity of the Food Security Information Centre (Ministry of Agriculture and Land Reform) in the areas of data collection and analysis.

Research concept -the impact of the price rises on the household

- Building the capacity of non-governmental organizations for data collection analysis.
- The sharing of data and information between the government, the UN and non-governmental organizations.
- Enabling both policy makers at the government level and NGOs to make informed decisions on policies or programs targeted at the food insecure and vulnerable.
- Focusing attention of policy makers and civil society on the importance of food security and pro-poor analysis.

Bringing key players together to enhance information sharing & capacity building

Government organisations:

- Information Decision Support Centre to the Cabinet
- The Food Security Information Centre (MALR)
- Food security centre Ministry of Social Solidarity

UN organisations

- FAO
- WFP
- UNICEF

National Research organisations

Local and international NGOs

Targeting the poor, cash transfers, and food subsidies: options, efficiency and effectiveness

- Food subsidies are one of Egypt's three “safety net” programmes in Egypt which together aim at poverty alleviation. The other two are direct cash transfers, and the Social Fund for Development (SFD). Together, all three account for about 2% of GDP. The food subsidy is the largest of the three, accounting for about 1.5% of GDP
- The evidence of food access problems is clear in the poverty literature and has driven much of the rationale behind the food subsidy program.
- However the food subsidies are currently having relatively little effect on the food security of the poorest in Egypt

Subsidies have cushioned Egypt from food price rises

Comparing Egypt with Yemen

- Yemen has no current program of food subsidies and like Egypt is a net importer of basic foods
- The impact of the food price rises on the % of those under the FOOD POVERTY LINE in Yemen has been severe: they have more than doubled from from 12.5% in 2005-6 to 27.2 % in December 2007

The inefficiency of the current food subsidies

- Food subsidies are not reaching the poor because of ineffective targeting and leakage.
- 11% of the poorest and 16% of the second poorest quintiles do not hold ration cards
- About 10% poor households hold the low-subsidy cards
- Poor targeting combined with leakage resulted in only one-third of the food subsidy reaching the poor with ration cards
- For the sugar and cooking oil subsidies, about 71% of households in the top 3 quintiles (non-poor) have the high subsidy cards, receiving about 62% of the subsidized commodities

The inefficiency of the current food subsidies

- The pattern of distribution of the food subsidy shows a strong urban bias in the program, both in terms of average per capita monthly benefits, and in allocation of the subsidy
- The expanded food ration is only reaching 20% of the poor
- The cost to deliver LE1 worth of benefit is very high and has risen in recent years. It is estimated that to channel LE1 to the poor, the state spends LE3 on bread subsidies, LE 10 on sugar subsidies or LE 33 on cooking oil subsidies

The issue of food subsidies

The World Bank “Reform of the safety net is important for three related reasons”

- First, the program elements often don't reach the poor and the benefits are too small to provide meaningful assistance.
- Second, taken together the programs are very expensive when subsidies are considered.
- Thirdly the programs are inefficient, with overlapping beneficiaries and objectives

The issue of food subsidies

On average, a poor person receives the equivalent of LE9 per month through the food subsidies, accounting for only 8% of total consumption expenditure. Baladi bread accounts for slightly more than half of the food-subsidy transfer received by the poor.

The Government is exploring a number of different approaches to improve the system. Most notably is the piloting of the “smart card” which is an attempt at using ICT to reduce leakage as well as possibly create synergy between pensions, cash transfers and food commodity subsidies

Therefore research in this area can be pertinent in its contribution to government knowledge, policies and actions.

Objectives of the research concept

- Identifying who are the vulnerable groups and how this correlates to the existing poverty maps.
- Identifying who should have access to food subsidies and currently do not. Identifying their characteristics and how can we effectively and efficiently target them for the subsidy programme.
- Identifying the likely impacts of using different proxy indicators for identifying the poor? i.e. who would gain and who would lose?
- A comparison of the efficiency of using different indicators and the relative cost (and therefore efficiency) of designing and administering a system which would use the suggested indicators for poverty.

Objectives of the research concept

cont.

- Suggestions for improvement in determining poverty and food insecurity lines.
- Identifying which delivery systems or combination of systems are most effective and efficient in reaching the poor and vulnerable
- Suggestions on how to mitigate against wastage when looking at the systems
- Analysing the effects of different proposed subsidy systems on women and on children

Food sovereignty, and the food security of small farmers

- Egypt has low food sovereignty registering at 1.8 where the range is 1 to 2.5 (Low Food Sovereignty)
- Therefore we import much of our food
- Our small farmers fall into the poorest and second poorest quintiles
- Small farmers are net consumers of food

Land size, tenure and Food Security

- 60 % of farmers “own” less than 1 faddan
- More than 90% of farmers own less than 5 faddans
- Since the implementation of the Land Tenure Law, small and landless farmers have limited access to agricultural cooperatives. Tenants who became “landless” can no longer access resources of cooperatives. In addition, cooperatives no longer sell subsidized goods on credit, to the detriment of the small farmer.
- Larger farmers are gaining from being able to access export markets but small farmers are faced with multiple disadvantages.
- Food in the hands of big farmers does not go to local markets and therefore does not reach the poor

Identified research concepts

1. **Monitoring household food consumption**
2. **The issue of food subsidies**

Thanks